

IBG QUARTERLY

Opportunities globally

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IBG GLOBAL

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SUB-SAHARAN AFRICA:

South African Complementary and Alternative Medicine Market

The South African **Complementary and Alternative Medicine Industry market size** is approximately **US\$600 million** and **growing** at a rate of about **15% per annum**. Nutraceuticals have a market size of 56%, Herbs 16%, ethical Over-The-Counter (OTC) products 14.9%, Weight Management 4.4%, Health Food and Beverages 2.2%, Homeopathy 1%, and energy substances 0.1%. The regulation of medicine in South Africa has been of huge concern as the local pharmaceutical industry waits from two to as long as seven years to register new medicines and clinical trials. However, with the **South African Health Products Regulatory Authority (SAHPRA) officially in place as of June 1st, 2017**, many companies hope that debacle will come to an end. The authority takes over from the Medicines Control Council (MCC) which has played this role since 1965. **South African buyers of natural and alternative medicines are increasingly sophisticated** and understand global standards and offerings. Companies involved in this fast growing market should be aware of South Africa and several of the African countries which have moved quickly toward advancements in human health.

by Richard Zurba

INTERESTING PROJECT

IBG Africa and India teamed up for the India South Africa Business Summit in Johannesburg, on 29-30 April. IBG Global was responsible for recruitment of qualified companies for matching with business entities as well as registering and managing aspects of the conference. The event was attended by 1,500 people and had six South African cabinet ministers present. Indian Minister of Commerce and Industry Sri Suresh Prabhu led the historic delegation from India.

[IBG Sub-Saharan Africa / Zurcom International](#)

MIDDLE EAST:

Economic Growth Heralds Energy and Social Reforms

The World Bank expects economic **growth in the Middle East to edge up to 3.1% in 2018**, up from 2% in 2017, according to the bank's latest Middle East and North Africa Economic Monitor. The increase in growth is expected to be broad-based, driven by a favorable global economic environment, stability in the oil market at slightly higher prices, and the resumption of post-conflict reconstruction. The report said **almost all countries in the region have embarked on major reforms to reduce or eliminate energy subsidies, identify new sources of non-oil revenues and expand social safety nets** to shield the poor from adverse effects of change. The region needs much faster growth to absorb the hundreds of millions of young people who will enter the labor market in the upcoming decades.

by Sherwin Pomerantz

INTERESTING PROJECT

IBG Middle East conducted two seminars in April, one in Albuquerque, New Mexico and the other in Champaign, Illinois. These events brought together approximately 40 participants in each location to see presentations by six Israeli tech companies via videoconference so as to foster joint ventures between companies in each country.

[IBG Middle East / Atid EDI Ltd.](#)

BRAZIL: Healthcare ICT Market Set to Boom

Long-term **potential for international IT companies in Brazil is positive**: the sector remains in an *early development stage* and there is **little domestic competition**. ICT infrastructure is good, and regulations are minimal.

Brazil has the world's seventh largest GDP, the fourth largest population and expected high growth rate in the over-60 population over the next 15 years, indicating that a huge potential market exists for Health IT products and services.

Current Health IT **market size is estimated to be US\$2-2.5 billion in 2018**, with low levels of dedicated investment and minimal regulations in place. Opportunities are widely available for foreign suppliers and healthcare-related ICT companies with innovative technologies that could benefit from the situation and either establish or expand upon their current position in the Brazilian market.

by Fabio Yukio Yamada

INTERESTING PROJECT

IBG Brazil concluded market research for a mobile app company based in Maryland, US, that works with mHealth and Telemedicine. Its app connects hospitals, healthcare private plans, doctors and patients and generates a continuous flow of work, by offering open dates and times for consultations and exams.

[IBG Brazil / Tradebrz International Consultants](#)

CANADA:

Opportunities in the Canadian Apparel Market

Canadians purchased almost **US\$10 billion of apparel related goods in 2016**.

Over 90% of Canadian apparel sales originate from imported products. Most imports are sourced from all across Asia; however, European sales have been growing over the past year. Canada and the European Union enacted a free trade agreement in 2017, and wholly made-in-**Europe clothing can now enter Canada duty-free**. Previously, such goods faced an 18% customs duty.

Nearly the entire distributor sales channel in Canada is very familiar with sourcing apparel internationally. Established Canadian distributors may also have **good connections to the American market**.

by Ron A. Straatsma

INTERESTING PROJECT

IBG Canada recently provided a comprehensive report of Canadian Apparel distributors for a European client. Representation discussions were quickly initiated with one short listed distributor. Product quality and the economics of duty-free access to Canada helped to accelerate interest.

[IBG Canada / CDA Market Services](#)

AUSTRALIA & NEW ZEALAND:

From One City of Sydney to Three "Cities of Sydney" – New Building Plans in Place

The population of the Greater Sydney region is forecast to grow from 4.6 million to 6 million within the next 20 years and to 8 million by 2056. The majority of this growth will occur in Sydney's west and if the trends continue, over 50% of Sydney's population will live west of Parramatta by 2036. In response to this unprecedented population growth, **Greater Sydney must be reimagined as three interdependent cities**; the established Eastern City, the developing Central City and the emerging Western City.

The Three Cities Plan is the central and organizing principle of the Greater Sydney Commission and **it emphasises the importance of Private Public Partnerships (PPPs) to deliver innovative solutions for major, city-shaping projects**. The implementation plan for the Western City Deal is due to be released later in 2018.



By Angela Foley

INTERESTING PROJECT

Lesson from our latest Smart Cities Delegation: Regional cities can be more agreeable to the idea of being "test bed" environments due to their geographic size, flatter decision making hierarchy and keenness to show up the "big cities". They also like to roll out the red carpet and mayoral robes! This being the case, new cities we explored with our latest smart city delegation included Ballarat, Geelong, Newcastle and Parramatta.

[IBG Australia & New Zealand / Foley & Associates Pty Ltd](#)

CHINA Removes Import Tariffs on All Cancer Drugs

As of May 1, all common drugs including **cancer drugs, cancer alkaloid-based drugs, and imported traditional Chinese medicine are exempted from import tariffs**. Value added tax in the production and import of drugs is to drop by a large margin. Imports of innovative drugs will be accelerated and should come into the market at an earlier date.

According to the National Cancer Institute, the **market for antineoplastic drugs in China exceeds 120 billion yuan (ca. US\$19 billion)**. Intellectual property rights protection of the drugs will be strengthened. The data protection period of innovative drugs will be extended to six years, within which drugs of the same kind will not be allowed into the market.

by Annabel Rong

INTERESTING PROJECT

President Xi Jinping and his administration will launch the very first China International Import Expo (CIIE) in November 2018 in Shanghai. IBG China met with the Ministry of Commerce government officials earlier this year and understands that this heralds the Chinese market becoming more open to international products and buying from all over the world.

[IBG China / Alglory Investment Limited](#)

INDIA:

NITI Aayog and Google Sign Sol to Help AI Ecosystem Grow

NITI Aayog and Google have signed a **Statement of Intent to work on a range of initiatives to grow artificial intelligence (AI) and machine learning (ML) ecosystems** across India. Initiatives include:

- Training and incubating Indian AI startups in an accelerator program, to be mentored by Google to enable them to better leverage AI in their business models.
- Funding researchers, scholars and university faculty for conducting AI-based research.
- Organizing an AI/ML hackathon that will be focused on solving key challenges within agriculture, education, healthcare, financial inclusion, transportation/mobility, including facilitating international participation into these planned hackathon challenges.
- Conducting training programs for policymakers and technical experts in governments.

by Supriya Kanetkar

INTERESTING PROJECT

IBG India assisted a US company by identifying a strategic alliance partner for them to market their patented product in India. Their product will help improve the quality of life of millions of Chronic Kidney Disease patients in India.

[IBG India / SRK and Associates](#)

JAPAN:

Thriving Industries in Spite of Slow Grow of the Economy – Automotive, Robotics, Devices

Toyota has announced its sales are to **grow by 5.1% and reach US\$260 billion** in the fiscal year ending March 2018. Other auto manufacturers such as **Honda, Nissan, Mazda**, etc. are **growing steadily** as well while Q4 GDP growth in Japan will slow to 0.1%. According to a report by JETRO, the growth can be attributed to the **average overseas sales ratio of the listed Japanese companies increasing from 46.9% in 2011 to 56.5% in 2016**. This phenomenon can be seen in many manufacturing sectors such as the **construction machinery, factory automation, semiconductor subsector**, etc. For suppliers to these high-tech sectors, Japanese companies remain attractive potential customers despite the economic slowdown.

by Yasushi Hasegawa

INTERESTING PROJECT

IBG Japan represents Multi-Wing (www.multi-wing.com), a Danish fan supplier, which has obtained OEM projects from 2 large construction machinery manufacturers in the 5th year after its market entry in Japan. A long term view for Japan certainly pays off.

[IBG Japan / Fenetre Partners](#)

SOUTH EAST ASIA:

Opportunities for Environmental and Water Technologies

The market for Environmental and Water Technologies in Singapore and Malaysia is large and growing, driven by widespread concern over environmental sustainability and demand for clean water, soil, air and energy, as well as proper waste management infrastructure. In **Singapore, the sector was valued at US\$19.7 billion in 2017**. Singapore is regarded as a dynamic global hydro hub and has a **strong demand for advanced water technologies**. The country aims to achieve US\$2.1 billion of annual value-added contribution to the water industry by 2020. Meanwhile, **Malaysia has allocated US\$304 million** to its Ministry of Energy, Green Technology and Water **for projects seeking to help the country achieve its targeted water supply coverage of 99% by 2020**.

by Sarath Menon

INTERESTING PROJECT

Provided assistance to Delaware companies involved in various Environmental and Water technologies and applications during a trade mission to Singapore and Malaysia. IBG South East Asia identified potential distributors and partners, prequalified their interest, and organized meeting schedules for the delegates.

[IBG South East Asia / Orissa International](#)

SOUTH KOREA: Rise of HMR market

An escalating decline in birthrate, more demanding work environments, an increased rate of later-in-life marriages and single households have propelled the growth of Home Meal Replacements (HMR) in Korea. The Korean Food Information Statistics System reports **increasing consumption of HMR, especially lunchboxes and sandwiches (growth of 58.7% y-o-y)**, followed by frozen ready to heat meals, especially frozen fried rice with vegetables and soups and ready-to eat fruits and vegetables. According to the Ministry of Food and Drug Safety, the HMR market has grown at an **annual growth rate of 17% for the last five years reaching US\$2.1 billion** and is expected to rise by a further **32.7% by 2030**.

by Ken Yang

INTERESTING PROJECT

IBG Korea assisted a US based gas analyzer instruments company in identifying partners that have the resources to invest in sales and marketing. The company has signed a partnership with a Korean company introduced via IBG and plans to increase their market share by ca. 10% within a year.

[IBG South Korea / Korea Business Services, Inc.](#)

TAIWAN:

Taiwan Science Parks Post Record Operating Results in 2017

Taiwan's **three science parks posted combined record revenues of US\$84.4 billion (NT\$2.46 trillion) in 2017, up 3.58% year-on-year**. Hsinchu Science Park in northern Taiwan was the top earner with US\$35 billion. Although down 1.98% from the year before, this drop was offset by a 5.93% increase at the southern Taiwan Science Parks in Kaohsiung and Tainan to record revenue of US\$30.1 billion. Central Taiwan Science Park in Taichung gained 11.13% to US\$19.3 billion. The **integrated circuit sector remained the top revenue generator** for the parks, with figures rising 3.45% year-on-year to US\$56 billion, or 66% of the overall total. **Precision machinery and telecommunication devices recorded the highest annual growth rates**, surging 14.74% and 10.56% to US\$3.85 billion and US\$1.44 billion, respectively.

by Irene Tsai

INTERESTING PROJECT

With the assistance of IBG Taiwan, a Pennsylvania based world leading lighting control company successfully held two education seminars for local distributors to provide up-to-date information on product applications for intelligent homes and green buildings. The business database provided by IBG helped to draw a full house of attendees to the two events.

[IBG Taiwan / AIM Development Corporation](#)

CENTRAL & EASTERN EUROPE:

Internet of Things Has a Good Thing Going in CEE

This year, companies in **Central and Eastern Europe are expected to spend US\$11.2 billion on** Internet of Things (IoT) solutions recording a 15.5% increase in comparison to 2017. IDC forecasts an accelerating rate of investments into IoT in the region, with an **annual average grow rate of 18.8% for the next 3 years**. In 2021, the region is to invest over US\$20 billion.

The most promising verticals include industry (US\$2.2 billion in 2018), transport (1.6 billion) and utilities (1.2 billion). Consumers should spend roughly US\$1.8 billion. Solutions applicable across sectors will be also playing and increasingly important role – especially connected vehicles and smart buildings.

CEE companies are expected to spend **US\$4 billion on hardware** (namely modules, sensors, and infrastructure and security systems) this year. Slightly smaller sums will be invested into services, software and connectivity, but software, namely applications, analytical tools, platforms and security solution could upstage hardware in the future as IDC forecasts the sector to grow by 21.7% annually. Within the CEE region, **Russia is expected to spend the most on IoT (US\$4 billion) in 2018, followed by Poland (US\$2.6 billion) and the Czech Republic (US\$1 billion)**.

by Filip Korinek

INTERESTING PROJECT

IBG CEE has recently assisted a Czech company involved in development of HW and SW for the automotive industry to analyze potential for offshoring development projects to Western Ukraine, Serbia, Romania or Bulgaria. IBG provided the client with a comprehensive overview of costs involved with establishing a branch and availability of qualified staff, and identified companies that could become potential partners or acquisition targets.

[IBG CEE / EasyLink Business Services](#)

GERMANY:

Importance of Renewable Energy for the Economy Rising

The renewable energy sector employs more than 10 million people worldwide and is also one of the largest renewable energy employers in Germany creating new jobs across the German "Mittelstand" (SMEs), actively working on new technologies and solutions. Recently, Germany **has crossed a symbolic milestone in its energy transition by briefly covering around 100 percent of electricity use with renewables** for the first time on 1 January. In the whole of last year, the world's fourth largest economy produced a record 36.1% of its total power needs using renewable sources.

Innovative technologies and **solutions for efficient energy usage (especially in the strong mechanical engineering sector)** are required for energy intensive production technology. Notably **technologies for process heat treatment could be at the top of the trend**, and almost all applications offer various opportunities for international companies. Many projects were already launched between the industry and research institutes, to develop new synergies in renewable energies for the industry.

by Dr. Linda von Delhaes-Guenther

ITALY: Fashion Powerhouse

No other industry changes as quickly as the fashion industry. Innovation becomes vintage. The seasons change. Creativity, excellence, and innovation are essential qualities for Made in Italy companies to succeed in this highly competitive sector; **diversified and high quality Italian products are often the result of major investments in R&D, development of new materials and production technologies**. Italian companies also increasingly invest into development of distribution channels - from new geographical areas to online channels, marketing and communication strategies - from the more traditional ones to those closer to new generations of consumers, brand building and digitalization technologies.

Last year, the **US and Western Europe were the two most important fashion markets** accounting for **US\$150 billion and US\$127 billion, respectively**, and **Chinese consumers** became the third largest "fashion nation", spending more than **US\$116 billion** worldwide. Of the 28 countries in the **European Union, 5 members account for 73% of European clothing spending**: UK, Germany, Italy, France and Spain.

by Rita Malavasi

NETHERLANDS / BENELUX:

Organic Food in Belgium: Still Niche but Booming

A recent presentation of the Flemish Centre for Agro & Fishery Marketing that took place during a business mission of 10 innovative Dutch companies to Belgium showed some interesting trends in the organic food segment. Although still a niche market (3.2% of food products), this **segment has grown 11% on average over the last 10 years**. Between 2014 and 2017, consumption (in millions of dollars) increased by approximately 45%. **Meat substitutes make up more than 25% of organic food consumption and on average**, the pricing level is one third higher than of regular products.

by Peter E. Sanders

INTERESTING PROJECT

IBG Germany, in cooperation with IBG South Africa, successfully supported a German cyber security company and carried out a business partner search for a sales partner.

[IBG Germany / AHP International GmbH & Co. KG](#)

INTERESTING PROJECT

IBG Italy is working with an Italian firm that produces knitwear of precious fabrics, stretch denim and high-quality cashmere and silk, 100% made in Italy. Deliveries include market overview of the main European Countries for fashion market and a commercial prospection to search target showrooms in France, Belgium and Scandinavian Countries.

[IBG Italy / Warrant Group SRL](#)

INTERESTING PROJECT

IBG Benelux organized a Holland Pavilion at a Belgian trade show for professionals in premium food and drinks. One small Dutch company, with no export sales, specialized in one type of pastry, managed to get into a large food retailer at the Brussels airport.

[IBG Benelux / psp consultants](#)

IBG GLOBAL

The International Business Group (IBG Global), founded in 2000, is a Partnership of private commercial consulting firms with offices and staff in **49 countries, covering a total of over 150 country markets** in the Americas, Europe, Asia-Pacific, Africa, and the Middle East.

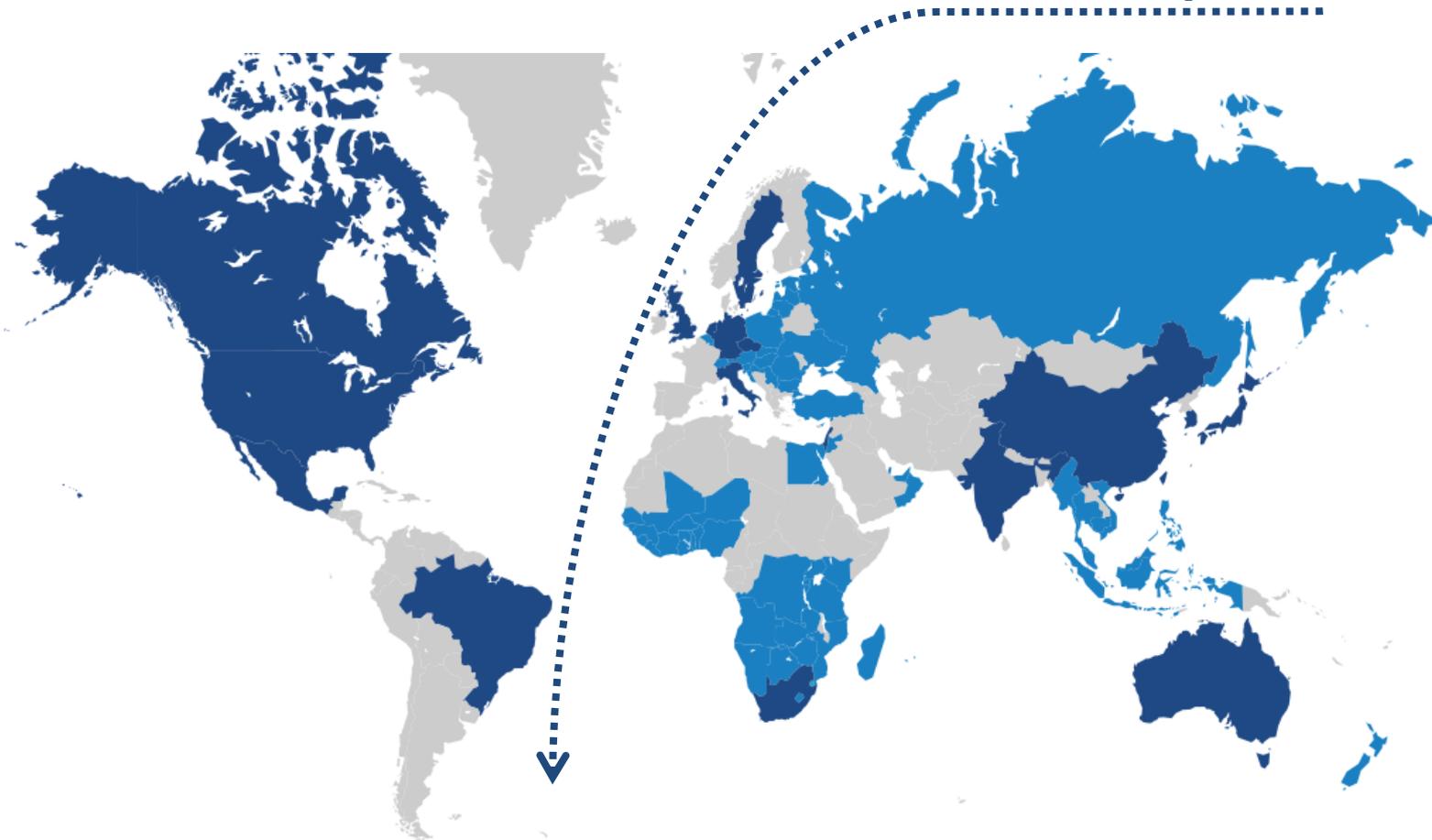


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